

## **Summary of 9-24-12 interview of Mary Veliquette**

Interview and summary by Thomas M. Patton, Deputy Attorney General

### **Background**

Mary Veliquette is a 24-year employee of the Department of Parks and Recreation. She is currently a staff services manager II in the Department's operations division, and since 2004 has managed visitor services and the Department's pass program. (Mary Veliquette 9-24-12 interview transcript (MVtr), pp. 2-4, 9-10.)

From 1990 to approximately 1994, Veliquette worked in the Department's budget section on a performance-based budgeting project, and reported to then-budget officer Becky Brown and Brown's chief assistant, Alan Fujii, who was succeeded upon retirement by Marcy Brown. Veliquette states that while working in the budget office she did not become familiar with the budget documents submitted to the Department of Finance (DOF), as such work was handled by Brown and Fujii. Around 1994 Veliquette went to work in strategic planning and performance analysis, a program that assisted the performance-based budgeting project, and reported to Tom Ward and Denzil Verardo. (MVtr, pp. 11-13.)

Veliquette explained that visitor services monitors revenue generated by park operations and provides status reports to field operations managers so they know if projected revenue goals are being met. It does so by comparing accounting data reported into the CALSTARS<sup>1</sup> against the Department's budget forecasts. Veliquette states that visitor services operates as a financial tracking system separate from the Department's administrative services division. Veliquette reports to the acting deputy director and assistant deputy director of park operations, who are currently Ronnie Clark and Brian Cahill, respectively. (MVtr, pp. 3, 6-9.)

### **Knowledge of Disparities in Parks Department Financial Reports**

Veliquette stated that in addition to tracking fees and revenues, she gives yearly revenue reports at executive committee meetings that include the Department director. She also gives such briefing to the upper-level operations managers that make up the park operations planning group. (MVtr, pp. 15-17.)

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<sup>1</sup> California State Accounting & Reporting System

Veliquette agreed that she is highly knowledgeable about revenue data. She noted she has performed a lot of statistical analyses, done budget drills, and provided direct briefings to high-level managers such as former director Ruth Coleman and former chief deputy director Michael Harris. She also noted she worked frequently with Harris on budgeting, accounting, statistical analyses, primarily with regard to reporting revenues earned.<sup>2</sup> (MVtr, pp. 18-20.)

Before being asked if she was aware of any discrepancies in balances reported to the DOF and State Controller's Office (SCO) concerning any Parks Department funds, Veliquette volunteered that she had no knowledge relating to budget documents and reported fund balances, stating: "I didn't have my hand in any of that at all. All I saw was what was reported in the governor's budget." Veliquette explained that she relied on what was in the Governor's budget, and never looked at balances reported to the SCO, because she wasn't concerned with balances but was concerned instead with whether they were bringing in what they had projected should be earned. (MVtr, pp. 20-21.)

Veliquette was later asked if she had ever heard anything about disparities in fund balance reports sent to the DOF and SCO. Veliquette stated she never heard anything "directly" but had heard "chitchat about something going on in the past." Veliquette then advised that former budget officer Cheryl Taylor had "bent her ear in the past about something." Veliquette stated that Taylor provided nothing specific that Veliquette could report as a problem, and that Taylor did not specify there were any problems with funding reports. After noting that Taylor was disgruntled over a demotion and was "not real happy with the way things are done," Veliquette reported that Taylor had vaguely stated that "things are not always as they seem." Veliquette also stated that she did not pursue the matter and never asked Taylor to explain exactly what Taylor was talking about. (MVtr, pp. 42-46.)

### **Whether Efforts Were Made to Store a Reserve of Funds**

Veliquette was asked if she had ever heard anything about efforts to build and retain or spend any reserve funds. Veliquette remarked that she assumed if revenues exceeded what the Department was authorized to spend, such excess would become a reserve and logically would be shown as such in a fund condition statement. She stated her impression was that the

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<sup>2</sup> Veliquette noted that she held Harris in high regard, believed he had a lot of integrity, and regretted losing him in the Department. (MVtr, p. 50.)

Department did not realize excess revenues often, although it had done so the previous year. When asked if she had ever heard anyone suggest that excess revenues be moved elsewhere for later use, and without being reported, Veliquette stated she had not heard any such suggestion and she assumed you would want to report what you earned.<sup>3</sup> (MVtr, pp. 22-25.)

Veliquette stated that she was very big on accountability, and the idea of squirreling money away and not reporting it was not something she would approve of or participate in. She reiterated that what she is aware of are the amounts set out in the Governor's budget, and the amounts coming in as revenue, and that if she sees a discrepancy she brings it up. She stated that to her knowledge all revenues are reported and she has never participated in any discussions about not reporting revenue. (MVtr, pp. 25-27.)

### **Automated Pay Machine and Park Shower Revenue**

Veliquette advised that she manages the automated pay machine program and is aware that a portion of monies from pay machines has been deposited in a reimbursement account set up by the Department's budget office and specifically by the former head of administrative services, Manuel Lopez. She indicated this was done to finance maintenance of the machines. She noted that the Department maintains some machines while outside companies maintain others, and that related costs include replacement parts, credit card collections, alarm contracts, and phone lines. Veliquette stated that such maintenance is imperative since the machines are outside in the elements, and many are aging and need to be replaced. She stated that a similar advance collections/reimbursement account was set up to deposit a portion of revenues from pay shower machines, although she does not manage that program. (MVtr, pp 27-31, 40.)

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<sup>3</sup> This area was examined with Veliquette because Cheryl Taylor indicated during her interview that, in top level executive meetings attended by Veliquette, a scheme was discussed which entailed incrementally banking and secreting some four percent per year of excess SPRF revenue. (Cheryl Taylor 8-30-12 interview transcript, pp. 101-120.) Figures provided from the DOF, however, show that \$20 million has consistently remained in the SPRF undisclosed to DOF since 2007. (Exhibit A attached.) The amount undisclosed to DOF was actually much higher in 2003 (\$29.2 million) and by 2007 came down to approximately \$20 million, where it has remained ever since. The data provided by the DOF thus does not support the theory offered by Taylor that some amount of excess SPRF revenues has been incrementally set aside and secreted, at least not since 2003.

Veliquette was asked if she knew whether such advance collection or reimbursement accounts had received necessary authorization from the DOF. Veliquette stated she knew accounting officer Dorothy Kroll was uncomfortable with it, but the request from operations to set up the account went directly to administrative services chief Manuel Lopez, who had said it could be done. She identified former deputy director of operations Tony Perez, and former assistant deputy director Noah Tilghman, as the operations managers knowledgeable about the program and account. (MVtr, pp 32-35.)

Veliquette stressed that they believed they were operating as they should, because money was required to maintain the machines, and an account needed to be set up to enable them to do that. She confirmed she was aware some \$600,000 had accumulated in the auto pay machine advance collections/reimbursement account, and was aware deposits to the account had stopped because they were not using as much as they thought they would. She was also aware a freeze on spending the monies had been imposed until the propriety of the accounting and spending process was confirmed.<sup>4</sup> (MVtr, pp. 35-38.)

Veliquette opined that obstacles to obtaining funds for maintenance would cause the agency to look to outside contractors for the service. She expressed concern that such arrangements tended to outsource the Department's revenue collection process and would ultimately cost more, as she believed maintenance and revenue collection could be handled more economically in-house. (MVtr, pp. 38-39.)

Veliquette concluded the conversation by stating that the operations division was being very cautious and compliant in terms of how they approached such matters, as they do not want to do anything improper. She stated: "I'm very much involved with accountability systems and trying to make things more accountable, not less so," and that the last thing she would want to do as a 24-year Parks employee is break any rules. (MVtr, p. 41.)

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<sup>4</sup> When Dorothy Kroll informed this interviewer of the advance collection account and her concerns, current administrative services chief Aaron Robertson was informed and Robertson advised expenditures would be suspended until the issue was examined. The current status of this inquiry is not known.